*** Bill No. ***

Introduced By *********

By Request of

A Bill for an Act entitled: "An Act authorizing the creation of Patient-Centered Medical Homes; establishing a commission for oversight and to set standards; and providing an immediate effective date."

Be it enacted by the Legislature of the State of Montana:

PREAMBLE

WHEREAS, Health care costs continue to increase, making it more difficult for individuals, families, and businesses to afford a health plan; and

WHEREAS, The increase in health care costs is, in part, attributable to inadequate coordination of care among providers, difficulties accessing primary care, and a lack of engagement between patients and their primary care providers; and

WHEREAS, Patient-Centered Medical Homes enhance care coordination and promote high quality, cost-effective care by engaging patients and their primary care providers; and

WHEREAS, Chronic diseases are the biggest threat to the health of Montana residents, seventy-five percent (75%) of the cost of health care can be traced to twenty-five percent (25%) of patients who have chronic diseases, and episodic evidence-based care in the community can reduce hospital admissions; and

WHEREAS, Patient-Centered Medical Homes enhance chronic disease management and reduce costs for treating chronic diseases; and

WHEREAS, There is a shortage of primary care providers in areas of Montana; and

WHEREAS, Patient-Centered Medical Homes offer a new model of primary care that may attract new providers to Montana because the model is more effective, more sustainable, and replicable in smaller communities; and

WHEREAS, The standards qualifying a primary care practice as a Patient-Centered Medical Home, the quality measures that primary care practices must gather and report to demonstrate quality care, and the payment methodologies used to reimburse Patient-Centered Medical Homes are inconsistent across carriers, and that inconsistency presents a major barrier to developing effective Patient-Centered Medical Homes; and

WHEREAS, Patient-Centered Medical Homes are more likely to succeed if all carriers in Montana use a single definition, a common set of quality measures, and a uniform payment methodology; and

WHEREAS, The State seeks to develop best practices regarding how to structure such a program through the experience to be gained in a State-sponsored Patient-Centered Medical Home program and through programs that may be developed by private carriers and Medicaid managed care organizations; and

WHEREAS, Inconsistent access to health care services and variable quality of care provided to patients have been shown to result in poorer health outcomes and health care disparities; and

WHEREAS, It is desirable to have an ongoing process by which the effectiveness of Patient-Centered Medical Homes can be evaluated; and

WHEREAS, Establishing and promoting Patient-Centered Medical Homes in Montana will achieve higher quality health care for Montana citizens and will, help slow the continuing escalation of health care costs, and improve health outcomes for Montana citizens;

Now, therefore, be it enacted by the legislature that the laws of Montana read as follows:

NEW SECTION. **Section 1. Authorizing the creation of Patient-Centered Medical Homes--Establishment of the Commission for the Montana Patient-Centered Medical Home Program.** (1) Notwithstanding any state or federal law that prohibits the collaboration of insurers, other health plans or providers on payment, the Montana legislature has determined that Patient-Centered Medical Homes are likely to result in the delivery of more efficient and effective health care services and are in the public interest.

(a) Therefore, there is established an entity known as the Montana commission for Patient-Centered Medical Home [the Commission], which is subject to the supervision of the Montana State Auditor, Commissioner of Insurance.

(b) The commission is governed by an appointed board.

(2) The commission shall qualify Patient-Centered Medical Homes that meet the standards established by the commission, in consultation with the commissioner, health plans and primary health care providers and also promote, oversee, coordinate and provide guidance concerning the

creation and activities of any patient- centered medical home organizations doing business in the state of Montana in order to ensure that the requirements of this Act are carried out and to promote development of Patient-Centered Medical Homes in Montana.

(3) The commission shall be established as a nonprofit corporation.

(4) Open meeting laws and the public's right to know as guaranteed in the Montana constitution and in Title 2 shall apply to this entity.

NEW SECTION. **Section 2. Commission for the Montana Patient-Centered Medical Home Program—definitions.** As used in this Act, the following definitions apply: (1) "Commissioner" is defined in 33-1-202;

(2) "Covered medical services" means the health care services that are included as benefits under a health plan.

(3) "Department" means the Department of public health and human services;

(4) "Health plan" includes a health benefit plan issued by or administered by insurers, health service corporations, health maintenance organizations, multiple employer welfare arrangements, third party administrators, the state employee group insurance plan, the university system employee group insurance program, any employee group insurance program of a city, town, school district or other political subdivision of this state, Medicaid and Healthy Montana Kids program as defined in Title 33, Title 2 or Title 53, or any other public or private program that pays for medical care.

(5) "Patient-Centered Medical Home" [PCMH] means health care directed by primary care providers offering family centered, culturally effective care that is coordinated, comprehensive, continuous, and, when possible, in the patient's community and integrated across systems. Health care in a PCMH is characterized by enhanced access, an emphasis on prevention, and improved health outcomes and satisfaction.

(a) Primary care providers receive payment that recognizes the value of medical home services.

(b) A PCMH must be qualified by the commission as meeting the standards set by the commission.

(6) "Primary care practice" means a solo provider, a practice, or federally qualified health center as defined in 42 USCS 254 (b) organized by or including pediatricians, internal medicine physicians, family medicine physicians, nurse practitioners, or other health care providers providing primary care who are licensed under Title 37; and

(7) "Qualified individual" means a policyholder, certificate holder, member, subscriber, enrollee or other individual participating in a health plan and who is enrolled in a medical home program.

NEW SECTION. **Section 3. Board of directors—composition—appointment—compensation.** (1) There is a board of directors of the **Commission for the Montana Patient-Centered Medical Home Program**, consisting of two nonvoting members and nine directors, serving 3-year staggered terms and appointed in the following manner:

(a) Five directors must be appointed by the commissioner, two of whom must represent health plans; one

of whom must be a representative of health-related or consumer advocacy organizations with significant experience in health care issues; and two of whom must be health care providers and represent the perspective of primary health care providers.

(b) Four directors must be appointed by the governor, one of whom must be the director of the state health plan; one of whom must be a health care provider and represent the perspective of primary health care providers; two of whom must be representatives of a health-related consumer advocacy organization with significant experience in health care issues.

(2) Each director is entitled to one vote on the board.

(3) The commissioner shall appoint a representative from her staff who has experience in health insurance and health care issues and the governor shall appoint a representative from the Department of Health and Human Services from the Medicaid division with experience in health care delivery systems to participate in all board meetings as nonvoting members.

(4) The directors, except for the nonvoting members appointed pursuant to (3), and state employees shall be compensated and receive travel expenses in the same manner as members of the quasi-judicial boards under 2-15-124(7). The costs of conducting the meetings of the commission must be assumed by the commission.

(5) A board director or member must be replaced in the same manner as the original appointment if that member or director resigns or is not actively participating in the

affairs of the board. An individual appointed to fill a vacancy shall serve only for the unexpired term.

(6) Board appointments must be made no later than May 1, 2013.

(7) The commission shall meet at least 2 times every year, beginning June 2013.

(8) Board members and directors can be reappointed.

NEW SECTION. **Section 4. Powers and duties of the commissioner--rules.** (1) The commissioner shall:

(a) Adopt rules necessary to implement the provisions of this Act;

(b) Approve or disapprove the plan of operation that the commission proposes;

(c) Approve or disapprove any fees that the commission proposes to impose for the purpose of paying for the ongoing activities of the commission. No general fund money will be used for this program; and

(d) Investigate any complaints received from the public concerning the activities of the commission.

NEW SECTION. **Section 5. Powers and duties of the Commission for the Montana Patient-Centered Medical Home Program.** (1) The commission shall, according to the provisions of this Act:

(a) Conduct public education activities to raise awareness of the availability of Patient-Centered Medical Homes;

(b) Consult with all interested parties relevant to carrying out the activities required under this Act,

including primary health care providers, health plans, public health plans, consumers/patients;

(c) Keep an accurate accounting of all activities, receipts and expenditures and annually submit to the commissioner and the governor a report containing such information;

(d) Seek and receive appropriate grant funding available from private or government sources;

(e) Adopt by-laws for the regulation of its affairs and the conduct of its business;

(f) Develop a plan of operation that includes procedures and criteria detailing the implementation of the activities and duties assigned to the commission in this Act;

(g) Develop and implement strategies that encourage the participation of health plans in Patient-Centered Medical Homes;

(h) Develop and implement standards, in consultation with the Commissioner and the Department, as set forth in New Section 6;

(i) Qualify Patient-Centered Medical Homes that meet the standards to participate in the Montana Patient-Centered Medical Home Program; and

(j) Impose appropriate participation fees on PCMH providers and health plans participating in the program.

(k) Evaluate and report on health outcomes, patient-satisfaction, and health care costs using nationally-accepted, evidence-based evaluation tools and techniques.

NEW SECTION. **Section 6. Standards for the development of Patient-Centered Medical Homes. (1)** The commission

shall establish standards used to qualify practices as PCMHs. *[Note that this language repeats section (5)(h)].*

(2) The commission shall set standards in consultation with the commissioner, the department, health plans and primary care providers, which may include, but is not limited to the following subjects:

(a) Payment methods used by health plans to pay PCMHs for services associated with the coordination of covered health care services;

(b) Bonuses, fees-based incentives, bundled fees or other incentives a health plan may pay to a PCMH based on the savings from reduced health care expenditures that are associated with improved health outcomes and care coordination by qualified individuals attributed to the participation in the PCMH;

(c) The uniform set of health care quality and performance measures that the PCMH is to report to the commission and to health plans; and

(d) The uniform set of cost and utilization measures that health plans are to report to the PCMH for patients in the PCMH.

(3) In developing the standards described in (2), the commission may consider:

(a) The use of health information technology, including electronic medical records;

(b) The relationship between the primary care practice, specialists, other providers and hospitals;

(c) The access standards for covered individuals to receive primary medical care in a timely manner;

(d) The ability of the primary care practice to foster a partnership with patients; and

(e) The use of comprehensive medication management to improve clinical outcomes.

(4) The initial set of standards developed pursuant to this section must be completed and approved by July 1, 2013. Standards developed by the commission must be reviewed and re-affirmed by the commission every two years after that.

NEW SECTION. **Section 7. {standard} Effective date.** [This act] is effective on passage and approval.

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